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FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC PRIORITY 1196
INFO RUEHAC/AMEMBASSY ASUNCION 6247
RUEHBO/AMEMBASSY BOGOTA 3567
RUEHBR/AMEMBASSY BRASILIA 7429
RUEHBU/AMEMBASSY BUENOS AIRES 4690
RUEHCV/AMEMBASSY CARACAS 1940
RUEHPE/AMEMBASSY LIMA 1995
RUEHME/AMEMBASSY MEXICO 1865
RUEHMN/AMEMBASSY MONTEVIDEO 4141
RUEHQT/AMEMBASSY QUITO 4579
RUEHSG/AMEMBASSY SANTIAGO 9153
RUEHSO/AMCONSUL SAO PAULO 2024
RHEHNSC/NSC WASHINGTON DC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC

C O N F I D E N T I A L LA PAZ 002995

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STATE FOR WHA/AND, EB/ESC/TFS, S/CT/PHILL,
INL/C/CP/SPETERSON, AND IO/PSC/JSANDAGE

E.O. 12958: DECL: 11/03/2016
TAGS: [EFIN](#) [PTER](#) [KTFN](#) [BL](#)
SUBJECT: TERRORISM FINANCE COORDINATION OFFICER

REF: SECSTATE 181096

Classified By: Ecopol Chief Andrew Erickson for reasons 1.4 (b) and (e)
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¶1. (C) U.S. Embassy La Paz has designated Ecopol Chief Andrew Erickson (591-2-216-8254, EricksonAS@state.gov) as the Terrorism Finance Coordination Officer and Economic Officer Dovie Holland (591-2-216-8862, HollandDA2@state.gov) as the Deputy Terrorism Finance Coordination Officer.

¶2. (C) Following is the information requested by the chart referred to in reftel:

- Bolivian authorities do not have the ability to freeze terrorist funds for more than 48 hours.
- Bolivia has signed the UN Convention on Terrorism Finance.
- Bolivia has failed to implement UNSCRs 1267, 1373, 1390, and 1455.
- Bolivia has adopted anti-money laundering legislation. Bolivia's anti-money laundering regime is based on Law 1768 of 1997. That law modifies the Penal Code and criminalizes money laundering, but only as it relates to narcotics trafficking, organized criminal activities and public corruption. The current law does not provide that money laundering is an autonomous offense. Law 1768 does not cover terrorist financing or many other criminal activities as predicate offenses. It fails to allow for the use of special investigative techniques in pursuing AML or other offenses. Many non-bank financial institutions (e.g., casinos, exchange booths) are not obligated to report to the Financial Intelligence Unit (UIF). Assets that are confiscated under the AML and drug laws are poorly managed and disposed of by the Directorate General for Seized Assets, which is a part of the Ministry of Social Defense (Drug Czar). In practice, the system has become dysfunctional. To date, there has been only one conviction under Law 1768. The reporting of suspicious transactions to the UIF, even by the more

responsible banks, has slowed to a trickle, as have the reports being forwarded from the UIF to the Public Ministry. Post is currently working with the GOB to encourage the passage of a more effective anti-money laundering law, including terrorism finance provisions, but there is not much support for comprehensive AML legislation within the executive branch.

- Bolivia has established a Financial Investigation Unit. Law 1768 of 1997 established Bolivia's Financial Intelligence Unit (the UIF), within the Office of the Superintendent of Banks and Financial Institutions. Supreme Decree 24471, issued July 31, 1997, set forth the powers and duties of the UIF. However, the UIF did not become operational until 1999.

Under Supreme Decree 24771, obligated reporting entities are required to report only suspicious transactions to the UIF. As a matter of practice, most banks also report cash transactions of \$10,000 or more. The UIF is responsible for analyzing the suspicious transaction reports and transmits those indicative of criminal activity to the Public Ministry, which is the office responsible for prosecuting money laundering offenses. On April 26, 2006, the GOB promulgated Supreme Decree 28695 (Organizational Structure for the Fight against Corruption and Illicit Enrichment). Among a number of other provisions, it referenced (in Article 18) a Financial and Property Intelligence Unit that does not currently exist (but is presumed to mean the UIF in some reconstituted form), while it repealed Supreme Decree 24771 that gives the current UIF its powers. Realizing that they had effectively put the UIF out of business until it could assume its new mission of fighting corruption and illicit enrichment, on May 13, 2006, the GOB issued Supreme Decree 28713, restoring its functions and duties for a period of 240 days, but moving the unit from the Banking Superintendent to the Ministry of Finance. The extension will expire in December 2006, although the GOB has pledged to extend it if the UIFP is not legally in place by that time.

- Bolivia's UIF is a member of Egmont.

- Bolivia is a member of GAFISUD, a FATF-style regional body.

- Bolivia has not issued a freeze order on terrorist-linked assets.

- Bolivia has rarely conducted thorough searches of financial institutions for terrorist assets, or shared terrorist finance information, or reached out to U.S. intelligence and law enforcement on terrorism-related issues. However, the UIF, which has been cooperative with post, has checked its databases for information related to new names added to the UN 1267 Sanctions Committee list, but has thus far found no information. The UIF in its current form would not be able to react strongly if it did find such information.

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